



Morning Alert - Tuesday, June 27, 2017

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## HEADLINES

### Morning News

All TV networks and national papers except Nikkei gave top play to reports that 14-year-old Sota Fujii, the youngest professional shogi player in Japan, set a new record of 29 consecutive victories by defeating his 19-year-old rival on Monday. Nikkei led with a report saying autoparts maker Takata will transfer core operations to a new company to be founded by the American company Key Safety Systems.

## ECONOMY

### EU adamant in demanding Japanese concessions on cheese

Yomiuri wrote that in the ongoing EU-Japan EPA negotiations, the EU side is persistently calling for Tokyo to lower its tariffs on European cheese based on the assessment that high quality European products will become even more popular among Japanese consumers if the current prices are reduced. Japan is the world's second largest importer of cheese and the EU is anxious to further open the Japanese market. The EU has apparently been having trouble selling cheese in Russia, the world's largest importer of the product, due to economic sanctions over Ukraine. The daily added that Japan is hesitant to lower the tariffs in the belief that domestic cheese probably would not be able to compete with European products.

In a related development, most papers wrote that the ruling LDP submitted a petition on Monday to Foreign Minister Kishida urging the government not to make substantial concessions in the dairy and lumber fields in the EPA talks with the EU. The LDP reportedly demanded the adoption of "safeguard" measures to protect domestic products from a surge in European imports.

Meanwhile, Nikkei highlighted press remarks made on Monday in Brussels by European Commissioner for Trade Malmström, who projected that the two trading partners will be able to forge a rough consensus on a bilateral EPA soon. The official reportedly disclosed that she has instructed the chief EU negotiator to stay in Tokyo as long as necessary to negotiate a good deal, adding that she is ready to visit Japan this week to finalize an agreement. Malmström stressed that a Japan-EU EPA will send a “strong signal to the world” amid rising protectionist sentiments in global trade.

### **Western Digital opposes Toshiba’s decision to sell to U.S.-Japan-ROK consortium**

All papers wrote that Western Digital has sent a letter to Toshiba reiterating its opposition to the electronics giant’s decision to select a consortium made up of the Innovation Network Corporation of Japan, U.S. Bain Capital, and South Korea’s SK Hynix as the preferred bidder for its semiconductor division. According to the dailies, the U.S. chip manufacturer is particularly displeased with the participation of its South Korean rival in the consortium. Nikkei added that Toshiba plans to sign a formal contract on the sale of Toshiba Memory with the consortium today in the hope of obtaining its stockholders’ understanding during an annual shareholders’ meeting scheduled for tomorrow.

### **Dry cask storage of spent nuclear fuel to be permitted**

Asahi wrote that a Nuclear Regulatory Authority panel has drafted a new set of guidelines concerning “dry cask storage” of radioactive waste, explaining that the method will be permitted on the condition that the casks can provide leak-proof containment of the spent fuel. Under the updated guidelines, steel cylinders holding radioactive waste can be stored outside as long as proper measures are taken against degradation of the cylinders over time. The daily added that the existing Japanese protocols for dry cask storage are deemed to be much stricter than corresponding regulations overseas.

## **POLITICS**

### **Opposition growing within LDP to Abe’s push for constitutional amendment**

Most papers wrote that opposition is gradually mounting among LDP politicians to Prime Minister Abe’s goal for the ruling party to draw up a draft constitution by late autumn for submission to the Diet. These lawmakers, including Deputy Chairman Funada of an LDP panel on constitutional reform, are critical of the premier for being “too hasty” in seeking an amendment, arguing that such an approach will backfire by hardening the resolve of opponents of constitutional revision to derail Abe’s signature policy.

Sankei said the LDP leadership headed by Secretary General Nikai plans to begin full-fledged party discussions after the Tokyo Metropolitan Assembly election on July 2 with the goal of putting together a preliminary draft in September for consultations with its ruling partner Komeito before finalizing it in early November. Mainichi said the prime minister apparently believes that by

submitting an LDP draft constitution to the extraordinary Diet session in late fall, parliamentary deliberations on the LDP proposal at two Diet sessions, including the regular Diet session in early next year, will be sufficient for the national legislature to formally vote on and propose constitutional revision as early as June 2018 for a national referendum.

## **INTERNATIONAL**

### **Japan-India summit to be convened next month**

Yomiuri wrote that arrangements are being made for Prime Minister Abe to hold a meeting with his Indian counterpart Modi in Hamburg, Germany, on the sidelines of the G20 summit in early July, predicting that the two leaders are expected to agree to enhance security cooperation with China's maritime push in mind. They will also discuss New Delhi's plan to introduce a Japanese high-speed rail system.

### **Four Chinese ships intrude into Japan's territorial waters around Senkakus**

Sankei wrote that four Chinese government vessels entered Japan's territorial waters around the Senkaku Islands and stayed there for about 100 minutes on Monday.

### **Japan, Turkmenistan agree on energy cooperation**

Nikkei reported that Foreign Minister Kishida and his Turkmenistan counterpart held a meeting in Tokyo yesterday and agreed to promote bilateral economic and energy cooperation.

